

**GOVERNMENT OF INDIA
COAL
LOK SABHA**

STARRED QUESTION NO:596

ANSWERED ON:16.05.2007

REHABILITATION PACKAGE FOR SUBSIDIARIES OF CIL

Gangwar Shri Santosh Kumar;Patil Smt. Rupatai Diliprao Nilangekar

Will the Minister of COAL be pleased to state:

(a) whether the Government has sanctioned the rehabilitation package for the loss-making subsidiary companies of Coal India Ltd.; and

(b) if so, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COAL (DR. DASARI NARAYANA RAO)

(a) to (b) : A statement is laid on the table of the House.

STATEMENT AS MENTIONED IN STARRED QUESTION NO. 596 FOR ANSWER ON 16.05.2007 ASKED BY SHRI SANTOSH GANGWAR AND SMT. RUPATAI DILIPRAO NILANGAKAR PATIL REGARDING REHABILITATION PACKAGE

(a) & (b) : Yes, Sir. The Government have sanctioned a rehabilitation package for the Eastern Coalfields Limited (ECL) which is a subsidiary company of Coal India Limited (CIL). The salient features of the rehabilitation package for ECL are as under:

(I) Infusion/ Investment of funds:

An investment of Rs. 2,956.83 crore from 2003-04 to 2012- 13 for augmentation of production to be met from internal resources of ECL.

(II) Waiver of non-payment of loans/interests:

(i) Waiver of unsecured loans amounting to Rs. 519 crore during 2008-09 by CIL provided ECL achieves the outlined milestones.

(ii) Waiver of interest on unsecured loans amounting to Rs. 168.65 crore upto 2002-03 and future interest of Rs. 33.73 crore per annum from 2004-05 to 2008-09 by CIL i.e. till such time the unsecured loan is waived.

(iii) Waiver of Rs. 82.47 crore of apex charges for the earlier years upto 31.03.2004 and further waiver of service charges @ Rs. 14 crore per annum from 2004-05 by CIL.

(iv) Waiver of electricity duty @ Rs. 18 crore per annum from 2004-05 for 5 years from Governments of West Bengal and Jharkhand.

(III) Conversion of loan to equity:

(i) Conversion of current account balance of Rs. 1,532 crore of ECL as on 31.03.2003 by CIL into equity share capital in proportion to ECL bringing down its negative network.

(IV) Other proposals:

(i) No interest to be charged on current account balance by CIL.

(ii) Moratorium on repayment of further unsecured loan and current account balance till ECL's network becomes positive.

(iii) Gratuity and leave encashment wages provided to the VRS (Voluntary Retirement Scheme) optees to be routed through current account.

(iv) Repayment of EDC, Canada (foreign currency loan) loan and interest by CIL.

(v) Exemption to ECL from Section 41(1) of the Income Tax Act, 1961 in respect of remission arising out of writing off loans, interest and other liabilities.

(vi) Exemption to ECL from payment of fees for increase in the authorized share capital.

(vii) ECL to start payment of arrears of NCWA- VII from April 2006 in three instalments during 2006-07, i.e. 50% of the arrears by May 2006, 25% before Deepawali (Kali Puja) and balance 25% by March 2007, instead of disbursement over three years as approved by BRPSE (Board for Reconstruction of Public Sector Enterprises).

(V) The company shall ensure rationalisation of manpower through VRS and natural attrition, within the stipulated time frame.

